

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

Financial Report
OF
GEO. A. HORMEL & COMPANY
AUSTIN, MINNESOTA
for the
Fiscal Year Ended October 26, 1940

OFFICERS

Geo. A. Hormel	- - - - -	Chairman of the Board
Jay C. Hormel	- - - - -	President
Ben F. Hormel	- - - - -	Senior Vice President
H. H. Corey	- - - - -	Vice President & General Manager
R. H. Daigneau	- - - - -	Vice President
C. D. Bigelow	- - - - -	Secretary
M. F. Dugan	- - - - -	Treasurer



DIRECTORS

S. D. Catherwood	
H. H. Corey	
R. H. Daigneau	
Park Dougherty	
M. F. Dugan	
John P. Higgins	
T. H. Hocker	
Ben F. Hormel	
Geo. A. Hormel	
Jay C. Hormel	
O. W. O'Berg	
L. E. Wakefield	

Austin, Minnesota
November 20, 1940

To the Stockholders of
Geo. A. Hormel & Company

The earnings statement and balance sheet of your company for the year ended October 26, 1940, is submitted herewith.

The total sales of product for the year amounted to 472,812,-423 pounds, which was an increase of 36,005,633 pounds, or about eight per cent, over a year ago. In dollars, net sales amounted to \$62,252,959.39, an increase of \$1,908,872.40, or about three per cent, over last year.

A year ago, our annual hog slaughter was the largest for any year in the history of the company. This past year it was again increased, by five per cent to a new all-time high of 1,147,787. However, we slaughtered less cattle, the decrease being entirely in cheaper cattle. The slaughter of better grades of cattle increased. Our lamb slaughter increased some 73,000 over last year.

The net worth of the company now stands at \$12,255,942.46. Net current assets are \$6,905,678.91.

The company continues to price its inventory at the lower of cost or market, as has been its custom in the past. All known bad debts have been charged off in full. Loss on capital assets scrapped or disposed of has been charged off in full. \$545,189.78 has been charged off for depreciation on plant and equipment. The balance sheet carries substantial reserves for contingencies. All taxes have been provided for, including Social Security accruals.

Our Minnesota unemployment compensation contributions for the fiscal year 1940 amount to \$163,387.48. This will bring our total contribution, as of October 26, 1940, to \$565,246.00.

The experience rating provisions of the Minnesota Unemployment Compensation Law are scheduled to become effective for the calendar year 1941. Under these provisions, the state unemployment compensation contribution of an employer with unstable employment may be as high as 3.2 per cent. On the other hand, by avoiding those fluctuations in employment which would entitle substantial numbers of employees to claim unemployment benefits, the law provides that an employer may earn a rate as low as $\frac{1}{2}$ of 1 per cent. It is impossible for the company to forecast the exact rate of its contributions for 1941, but in any event, it seems reasonable to expect that the amount for 1941 will be about \$100,000 less than for 1940, and probably at least \$125,000 less than it would be if our employment were not relatively stable.

The company owes no money to banks, has no indebtedness beyond current and customary bills, including accrued pay-roll, and has current assets to cover all current liabilities in the ratio of 3.9 to 1. Although no material additions have been made to the Austin plant, operations have been established in leased quarters in several cities for the manufacture and final processing of a number of the company's branded and trademarked products. A considerable amount of new machinery and equipment has been necessary for these added operations.

In general, we have taken such steps in the management of the company as we believe will safeguard the ability of the company to provide continually increasing marketability for the products of live stock, safeguard the opportunity of our employees to find here increasingly secure and remunerative employment, and safeguard the investment and the income of our stockholders.

Just as the management and the employees have many opportunities to do things to enhance the interests of the business, so there are certain respects in which the stockholder may be helpful, also. Perhaps the chief such opportunity comes in the many occasions which the stockholder may take to tell the story of the company and its products to his friends and acquaintances.

The company itself is spending a substantial amount of money each year advertising its own products. This year, the American Meat Institute has launched a general advertising campaign designed to make people more aware of the reasons for using meat more freely.

The story of Hormel products, and the story of meat, as told in these two advertising campaigns, include the telling of facts which many people do not realize. Whenever a stockholder can contribute his personal interest to the support of these advertising efforts, his co-operation to that end is invited.

JAY C. HORMEL

President

CONSOLIDATED BALANCE SHEET

Geo. A. Hormel & Company - A Corporation

October 2, 1934

ASSETS

CURRENT

Cash		\$ 1,843,899.59
Trade accounts receivable - less reserve of \$100,000.00		3,488,168.39
Inventories:		
Products - priced on the basis of year-end market or accumulated cost (i. e., market at date of production), whichever is lower	\$3,373,827.82	
Livestock and supplies - at the lower of cost or market	585,347.96	3,959,175.78
TOTAL CURRENT ASSETS		\$ 9,291,243.76

INVESTMENTS AND OTHER ASSETS

Properties not used in operations, at cost less reserves for depreciation of \$11,416.03 & reserves for revaluation of \$38,988.00	\$ 39,421.14	
Sundry securities, notes, accounts, etc. less reserve of \$54,300.00	38,368.85	
Notes, accounts and stock purchase accounts receivable from employees	15,870.48	93,660.47

PROPERTY, PLANT AND EQUIPMENT

Land - at cost	\$ 163,423.57	
Buildings, machinery, equipment, etc. - at cost less reserves for depreciation of \$3,024,616.35	5,261,619.75	
	\$5,425,043.32	
Less reserve for revaluation of certain branch plants and feeder farms	93,990.54	5,331,052.78

PREPAID

Supplies inventories, prepaid insurance, etc.	137,171.01	
	<u>\$14,853,128.02</u>	

BALANCE SHEET

Austin, Minnesota, and Subsidiary

6, 1940

LIABILITIES

CURRENT

Accounts payable not due, including pay rolls, employees' bonuses and other accrued expenses	\$ 1,588,840.02
---	-----------------

Taxes - local, pay roll and federal capital stock taxes and provision for federal and state taxes on income - estimated	796,724.83
---	------------

TOTAL CURRENT LIABILITIES	\$ 2,385,564.85
---------------------------	-----------------

RESERVE - for contingencies, less \$132,978.54 appropriated reserves for revaluation of pro- perties - contra	196,570.62
---	------------

MINORITY INTEREST - in capital stock and surplus of subsidiary	15,050.09
---	-----------

CAPITAL STOCK AND SURPLUS

Preferred stock, cumulative, par value \$100	
Authorized 48,935 shares	
Issued - Class A, 6% (callable at \$105)	
14,554 shares, including 100 shares in treas- ury	\$ 1,455,400.00

Common stock, no par value:	
Authorized 500,000 shares	
Issued 493,944 shares, including 18,944 shares in treasury	6,116,585.81
Surplus	4,928,540.21
	\$12,500,526.02

Less capital amount of shares in treasury	244,583.56	12,255,942.46
---	------------	---------------

Contingent liabilities - \$14,792.09	<u><u>\$14,853,128.02</u></u>
--------------------------------------	-------------------------------

SUMMARY OF INCOME AND SURPLUS
 Geo. A. Hormel & Company - Austin, Minnesota
 and Subsidiary

Fiscal Year Ended October 26, 1940

Net Sales		\$62,252,959.39
Deduct:		
Cost of products sold; selling, administrative and general expenses, exclusive of depreciation and taxes	\$59,105,387.33	
Provision for depreciation	545,189.78	
Interest paid	\$19,951.19	
Other charges	44,196.84	64,148.03
	\$59,714,725.14	
Less other income, including discounts earned, etc.	74,671.20	59,640,053.94
	INCOME BEFORE TAXES	\$ 2,612,905.45
Taxes:		
Local taxes	\$ 263,153.54	
Pay roll taxes	313,890.21	
Provision for federal and state taxes on income, less excess provision of \$36,167.01 for the preceding year	435,182.99	
	TOTAL TAXES	1,012,226.74
	NET INCOME	\$ 1,600,678.71
Dividends paid on preferred stock—\$6 per share		86,724.00
	NET INCOME APPLICABLE TO COMMON STOCK	\$ 1,513,954.71
Dividends paid on common stock—\$2 per share		950,000.00
	BALANCE OF NET INCOME TO SURPLUS	\$ 563,954.71
Surplus—balance at October 30, 1939		3,426,806.34
Unused processing tax reserve and refunds, less related expenses		937,779.16
	SURPLUS—October 26, 1940	<u>\$ 4,928,540.21</u>

ERNST & ERNST

To the Board of Directors,
Geo. A. Hormel & Company:

We have examined the consolidated balance sheet of GEO. A. HORMEL & COMPANY and its subsidiary as of October 26, 1940, and the consolidated statements of income and surplus for the fiscal year then ended; have reviewed the system of internal control and the accounting procedures of the Companies, and, without making a detailed audit of the transactions, have examined or tested accounting records of the Companies and other supporting evidence, by methods and to the extent we deemed appropriate.

We reviewed the procedures followed in respect of accounts receivable, inspected certain of the detailed records and confirmed balances of selected accounts by direct correspondence with the debtors. We were present at the main plant and at selected branches at the time inventory quantities were taken, observed the procedures followed and made tests of such quantities and in addition reviewed the records and basis of valuation.

In our opinion, the accompanying consolidated balance sheet and related summaries of income and surplus present fairly the consolidated position of the Company and its subsidiary at October 26, 1940 and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles which have been applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Minneapolis, Minnesota
November 12, 1940

SINCE no advertising equals the spoken word of an enthusiastic user, every stockholder is urged to become acquainted with all the products of the Company, to discover their convenience and the goodness of them, and to recommend them to his friends. The following is a partial list of Hormel products which may be identified by brand in your food store:

HORMEL BRANDED BEEF

Best	Merit	Value	Hormel
------	-------	-------	--------

HORMEL BRANDED LAMB

Best	Merit	Value
------	-------	-------

HORMEL HAM

Dairy Tender Sweet Ham Tendered	Del-i-Cut Ham Ready to serve
Dairy Boiled Ham	Del-i-Cut Buffet Style Ham Thoroughly cooked ready to serve. Delicious hot or cold.
	Dairy Baked Ham

HORMEL BACON

Dairy Slab Bacon	Minnesota Slab Bacon
Canadian Style Bacon Sliced in cellophane packages, or by the piece	
Dairy Sliced Bacon	Dairy Deluxe Sliced Bacon In the green carton. This is the most carefully selected and choicest of all bacon. Costs more. Worth it.
	Minnesota Sliced Bacon

HORMEL SAUSAGE

Minnesota Fresh Country Style Pure Pork Sausage The sausage that comes by the yard. The most popular sausage we make.	
Dairy Link Pork Sausage Sage added	Minnesota Ringwurst Country Style Bologna
Minnesota Smoked Country Style Pure Pork Sausage	
Dairy Braunschweiger	Minnesota Braunschweiger
Dairy Wieners	Dairy Liver Cheese
Minnesota Baked Luncheon Loaves	
Dairy Cervelat	Dairy Salami
Dilusso Genoa	National Salami
	Dairy Goteborg

LARD IS STILL THE BEST SHORTENING

Dairy Lard Finest open kettle rendered. Pails and Cartons	Hormel Minnesota Lard In the Famous Red and Yellow Pails and Cartons
---	--

HORMEL CANNED MEATS

Keep a generous supply in your pantry



APPETIZERS

SPAM

Flavor-Sealed Quarter Hams
(1 lb. 6 oz. to 1 lb. 14 oz.)

Flavor-Sealed Half Hams
(2 lb. 12 oz. to 3 lb. 4 oz.)

Flavor-Sealed Midget Hams
(6-7 lb. family size)

12-ounce Spiced Ham

12-ounce Luncheon Meat

12-ounce Pork Tongue

FLAVOR-SEALED SOUPS

Vegetable Soup

Vegetable-Beef Soup

Onion Soup

Chicken Noodle Soup

Pea Soup

Chicken Consomme'

Beef Consomme'

Consomme' Madrilene

Chicken Broth

CHICKEN DELICACIES

Flavor-Sealed Whole Chicken

Flavor-Sealed Half Chicken

Flavor-Sealed Boneless Chicken

Flavor-Sealed Chicken a la King

FLAVOR-SEALED SPECIALTIES

Chili Con Carne

Little Pork Sausages

Cocktail Sausages

Ham a la King

Dairy Brand Wieners

Corned Beef Hash

DINTY MOORE PRODUCTS

Dinty Moore Beef Stew

Dinty Moore Spaghetti & Meat Balls

Dinty Moore Ox-Joints & Gravy

Dinty Moore Irish Stew

Dinty Moore Corned Beef & Cabbage

INSTITUTIONAL PACKAGES

Flavor-Sealed Whole Hams

Flavor-Sealed Square Hams

Dairy Brand Spiced Ham

Dairy Brand Luncheon Meat

Minnesota Luncheon Meat

Dairy Brand Pork Loin

Dairy Brand Pork Tongue

Dairy Brand Bacon

Dairy Brand Pressed Ham

RENTAL CHARGE
Kato's Agency Supply Co. Inc.

10/10/31